

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 EA-06 IO-10 ISO-00 FEA-01 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01

H-01 INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03

SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03 PA-01

PRS-01 TAR-01 /102 R

DRAFTED BY EB:ORF:FSE:SWBOSWORTH:LER

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EB/ORF - MR. KATZ

EUR/RPE - MR. PREEG

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R 010239Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY ROME

INFO USMISSION OECD PARIS

AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY BERN

AMEMBASSY STOCKHOLM

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY LONDON

AMEMBASSY THE HAGUE

AMEMBASSY BRUSSELS

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY MADRID

AMEMBASSY ANKARA

AMEMBASSY OSLO

AMEMBASSY WELLINGTON

USMISSION EC BRUSSELS

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USMISSION IAEA VIENNA

C O N F I D E N T I A L STATE 046570

E.O. 11652: GDS

TAGS: ENRG

SUBJECT: IEA AGREEMENT ON ACCELERATED DEVELOPMENT

REF: ROME 2778

1. APPRECIATE YOUR REPORT ON EVOLUTION OF GOI POSITION ON ESTABLISHMENT OF COORDINATED IEA SYSTEM FOR ACCELERATED DEVELOPMENT OF NEW SUPPLIES. YOU SHOULD CONFIRM TO APPROPRIATE GOI OFFICIALS THAT ON BASIS OF OUR DISCUSSION OF SIMON'S PROPOSALS WITH HIM DURING HIS FEBRUARY 24 VISIT TO WASHINGTON, WE SEE NO CONFLICT BETWEEN HIS APPROACH AND THE COORDINATED SYSTEM NOW BEING CONSIDERED IN THE IEA.

2. AS WE UNDERSTAND IMONET'S PLAN, IT WOULD PROVIDE FOR COMMON MINIMUM LEVEL OF PROTECTION, AS PRICE BELOW WHICH IMPORTED OIL WOULD NOT BE ALLOWED TO COME INTO EC. IT WOULD ALSO ESTABLISH SOMEWHAT HIGHER REFERENCE PRICE OR PRICES AGAINST WHICH EC COUNTRIES WOULD GUARANTEE DEFICIENCY PAYMENTS TO INVESTMENTS IN SELECTED PROJECTS WHOSE COSTS OF PRODUCTION ARE LIKELY TO BE ABOVE COMMON LEVEL OF PROTECTION FROM IMPORTS.

3. ASSUMING THAT EC'S LOWER LEVEL (COMMON LEVEL OF PRICE

PROTECTION) WOULD BE NO LOWER THAN WHATEVER LEVEL OF COMMON PRICE PROTECTION AGREED TO IN THE IEA AS NECESSARY TO ACHIEVE OUR REDUCED DEPENDENCE OBJECTIVES, THERE WOULD BE NO INCOMPATIBILITY. A SECOND REFERENCE PRICE AND A DEFICIENCY PAYMENTS MECHANISM ARE NOT NOW UNDER DISCUSSION IN THE IEA. BUT WE ARE EXPLORING OTHER WAYS IN WHICH TO COOPERATE IN STIMULATING INVESTMENT IN HIGHER COST ENERGY, AND WE WOULD SEE NO CONFLICT BETWEEN POSSIBLE ESTABLISHMENT OF SUCH A MECHANISM.

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ISM BY THE EC AND COOPERATION NOW ENVISIONED UNDER IEA.

4. OTHER EC POSTS CAN DRAW ON THIS GUIDANCE AS APPROPRIATE. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ENERGY, POLICIES, SURVEYS, PRICE CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ellisoob
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE046570
Document Source: CORE
Document Unique ID: 00
Drafter: ORF:FSE:SWBOSWORTH:LER
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750073-0090
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750391/aaaadedk.tel
Line Count: 111
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 ROME 2778
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 31 MAR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31 MAR 2003 by KelleyW0>; APPROVED <16 SEP 2003 by ellisoob>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IEA AGREEMENT ON ACCELERATED DEVELOPMENT
TAGS: ENRG, IEA
To: ROME
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006